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THE METHODIST FEDERATION FOR SOCIAL SERVICE

An organization which seeks to abolish the profit system in order to develop a classless society based upon the obligation of mutual service.

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THE FARMER AND THE NEW DEAL: SECOND YEAR

The New Deal program took account of the plight of agriculture. The AAA production adjustment programs for basic commodities, and marketing agreements for many other farm products were to get farm prices back to "parity." Parity is described in the Act as the price for which farm commodities must sell to have the purchasing power they had in the pre-war years 1910-1914 (for tobacco the base period is 1918-1928). The Farm Credit Administration was to enable farmers to save their mortgaged farms.

Members of the Rural Committee of the Methodist Federation for Social Service scattered across the country have reported on the present farm situation in their areas. These reports, supplemented from other sources, form the basis of this Bulletin.

WHAT THE FARMERS WANT

The testimony of these observers and the programs of the leading farm organizations reveal certain things that the farmers want and for which they have looked to the New Deal.

Cost of Production. A major demand common to most of the farm organizations—along with the insistence that tax burdens be lessened, farm credits liberalized, etc.—is for "the cost of production" for at least that part of the production consumed in the United States. This demand appears specifically, for instance, in the programs of the conservative Grange, the more liberal Farmers' Union and National Farmers' Holiday Association and the new Progressive Party. Cost of production includes: cost of supplies used in producing the crops and livestock; a fair wage for labor and management; the current rate of interest on the investment. Farmers want added to this "a reasonable profit." Since the deflation of 1921 they have not averaged the cost of production for the things they have sold; during the past four years they have taken heavy losses. They see manufacturers and dealers who handle supplies setting prices to cover their cost of doing business, plus a profit. They complain about these inequitable "price relationships"—between the prices of farm products and of the things the farmers have to buy.

Living Income for a Cultural Standard of Living. The plea for cost of production becomes concrete in the growing demand of farmers, farm women, farm boys and girls, for a share in the good things of life. They are asking for a living income to provide the modern conveniences enjoyed by their friends in the towns and cities. They want the leisure and funds with which to share in the cultural side of life—music, drama and good literature.

Can farm people share fairly in the national income as long as the food, textile, and tobacco trusts make large profits and pay high salaries to executives?

Security of Tenure. Basic to the other demands of farmers is that for security of tenure. At present they do not have it. About 25% of all the farmers in the United States have lost their farms during the last ten years. With the prices of things they had to buy averaging 8 to 10% higher in relation to the prices of farm products than before the war, and averaging 25 to 40% higher since 1930, they had no chance to pay for their farms; they could not even keep up with the taxes. This demand for security is expressed by the program of the Holiday Association which calls for "a moratorium on foreclosures, forced sales and evictions." It is basic in the Farmers' Emergency Relief bill sponsored by the radical United Farmers League. (See below.)

Where is the farmer going to get by demands as vague as cost of production and a reasonable profit?

The concrete thing that he wants is a good standard of living. *How is he going to get it? Will security of land tenure give it to him with other interests dictating prices and with debts and taxes inevitable?*

WHAT THEY GOT

Somewhat Improved Purchasing Power. U. S. Department of Agriculture figures show a material improvement in prices and farm income. For the year 1934 prices of farm products averaged 90% of pre-war (1910-14) as compared with 70% for 1933 and 144% during the years 1921-29. The prices of things farmers buy did not increase quite so rapidly. So the purchasing power of farm products advanced from 64% of pre-war in 1933 to 74% for the year 1934. The average purchasing power during the years 1921-29 averaged only a little over 92% of pre-war. Gross cash farm income from marketing crops and livestock amounted to six billion dollars in 1934, including $373,000,000 of AAA benefit payments, as compared with five billion in 1933. In 1929 gross farm income was about twelve billion, or twice the 1934 figure.

Somewhat Improved Financial Position. Cotton and tobacco have brought high enough prices so that even the reduced quantity the farmer could sell added materially to his income. This is reflected in the increase in shipments of certain items to the agricultural southeast during the crop year 1933-34: refrigerator concerns in Erie, Pa., have more than doubled their shipments; so have paint companies in Philadelphia; shoe manufacturers in Boston have trebled theirs; implement companies in Albany have seen theirs go up from 12 tons to 23,000. Outside of the drouth areas the majority of farmers are somewhat better able to meet taxes and interest payments. This is reducing the number of tax sales and foreclosure sales. In some sections the collection of back taxes out of benefit checks have helped the support of rural schools. It has not added much to the support of rural churches.

Do farmers find the church a help to them? Will farmers who are now getting organized to deal with their economic difficulties repeat what the wage earners did—gradually withdraw from the church because it is not helping them?

Keeping Farms—A While Longer. The New Deal refinancing of farm debts through the FCA has enabled tens of thousands of farmers to save their farms. FCA Governor W. I. Myers says that the interest burden has been reduced from about 6½% to 4½% and 5% on long-term amortized loans extending for periods of from 13 to 30-odd years, with no renewal charges; that an excessive overhead indebtedness amounting to $65,000,000 has been voluntarily written off the books by creditors; that such reductions have affected about one loan in six, with an average scale-down of about 26c on the dollar. (See below for the other five.)

Some Drouth Relief. The reduction program (creating scarcity) was helped along by the drouth. President Roosevelt said that it accomplished in one year what it would have taken the program three years to do. That was hard on the farmers. Some little pictures: "Feed and roughage are almost like gold." "They have scraped up thistle and bunched grass to see their few remaining cattle through the winter." "County agents are parcelling out a bushel of grain per animal per month and are scared of the future." The government had to help out. Farmers were given federal aid in several forms: (1) Benefit payments went to those contracting to reduce acreage whose crops were destroyed by the drouth instead of by voluntary reduction. (2) About 7 million cattle were purchased in the drouth area. Those passed by inspectors as fit for food were processed for distribution to the unemployed. (3) Direct drouth relief was given to farm families under the FERA. (4) Seed and feed loans were provided.

WHAT THEY DIDN'T GET

Does this mean that the New Deal is giving farmers what they want?

Concerning "Cost of Production." The U. S. Dept. of Agriculture reports that farmers are receiving parity prices (see above) for wheat, corn, cotton, hogs and beef cattle. In the case of hogs the curtailment program seems to have accounted for the rise. In the others the drouth turned the trick by creating shortage. For cotton the devaluation of the gold content of the dollar, enabling foreign countries to pay higher prices for our cotton, was also a factor. Tobacco prices are above parity. Many farm leaders think that the tobacco trust has raised prices by way of wrecking the AAA program (under which they must pay a processing tax), with the intention of lowering them afterward.

A Living Income? Farmers are not getting a decent living. Whole areas of them are barely subsisting. The reports are graphic. In many sections the prices of the staple articles farmers have to purchase have advanced to such an extent that they feel in very little if any better position than a year ago. The general farming sections are only "keeping nearer to solvency. They have learned to go without more and more in order to meet the inescapable obligations that if unmet will ruin them. They are depending upon what they grow for food more than before. They are letting the title note take the tractor and raising horses. They are making no improvements." In the Chicago milk shed section of Wisconsin the dairymen are much worse off this year than last. Equipment for the production of sanitary milk for city consumption is wearing out in many

fluid milk sheds and there is no money for replacements. The chairman of an AAA allotment committee in a Nebraska county, who hands out the AAA benefit payment checks, comments, "Farmers getting corn-hog checks are broke within 24 hours. Some of the checks never get any farther than the top of the stairs to the tax collector's office. The big insurance companies are sitting around like buzzards." (Figures bear him out. Of the various kinds of government farm relief only 6% goes to farmers; 94% to creditors.)

A living income for a farmer depends upon the volume he can sell as well as the price. The quotas allowed under the present AAA program of adjusting production to the depression demand do not allow the average farmer a living income even at parity prices. Raising prices to parity inevitably reduces the volume moving into consumption unless purchasing power increases very greatly. Where does the parity price program lead?

Getting In Deeper. Some debts have been written off. This has helped one out of six farmers who have refinanced their debts. (See above.) The other five were not so fortunate. In Iowa, says one report, the average rate of scale-down of debt is less than 5% "and many insurance companies prefer to wait rather than reduce the mortgage or foreclose. Foreclosure today means doubtful tenancy and jeopardizing the entire debt. The insurance companies are betting on Roosevelt and are waiting." Where the farmers' equity would support a larger mortgage, refinancing often increases the mortgage debt. An example: An Iowa farmer refinanced a $5,500 insurance company 6% mortgage with the FCA on which he owed 2½ years interest. In addition he owed a government feed loan of $125 and a bank loan of $75. By throwing his $260 corn-hog check into the pot, he has consolidated his debts and now owes the FCA $6,100 at a little less than 5% interest. Before the war the total mortgage indebtedness on farms in the United States was equal to about one-half the total gross cash farm income for an average year. Now it takes about two years' income to equal the total farm mortgage debt, with about $4,000,000,000 additional short-term credit. *How can this mountain of debt ever be paid?*

Who Holds the Bag? Reports from the Committeemen show that farmers are still losing their farms under foreclosure and tax sales, though at a slower rate than before the FCA started refinancing farm debts. The Federal Land Banks, semi-government institutions, will soon be the largest farm mortgage holder—over two-thirds of all farm mortgages recorded in 1934 were FCA mortgages. The mortgage debt load on the average farm is increased—the government is gambling on recovery enabling farmers to carry and pay off this debt load. Farmers went behind during the years 1921-29—because prices of industrial products were controlled by powerful corporations and held above parity with prices of farm products. *Has the New Deal changed this situation?* NRA codes have aided price fixing in many industries. Rural Rehabilitation farmers buying farms from the government on the installment plan are given to understand that they must meet their payments or take the consequences usual to delinquency. The Federal Land Banks have a record of more leniency toward worthy delinquents than most other mortgage creditors—but they do foreclose.

Where is the security of tenure? How does it solve the problem of farm debt to postpone it? And for some it was not postponed but created.

Drouth Relief—Another Side. The farmers don't call the AAA benefits for drouth destroyed crops "relief." They say they would have got it if they had done the destroying themselves. Some cattle purchase items: (1) The top prices paid by the government were $20 for 2-year-olds and older cattle; $14 for yearlings; $8 for calves. The average price received was much less because the cattle were emaciated. Recently 1000-lb. yearling steers have brought $100 in Chicago. (2) The herds have been decimated by the buying program. It takes from 6 to 8 years to build up a herd. (3) Dieticians are telling us that there was already less than enough meat for our needs. (4) Stockyards workers say that inspectors passed poor meat. A report: In a Nebraska county a big farmer with a Federal Reserve loan of $55,000 is getting $1,300 a month on a feed loan and is not required to reduce his stock. Another farmer with a $4,000 mortgage on 250 acres and a nucleus of 8 milk cows, 8 steers, 17 hogs and 20 sheep got a month's feed loan of $40 only on condition that he let the 8 steers, 7 hogs and a horse go. If he applies for family relief he must reduce his animals to ten units. And he must pay cash for the feed and then work out $25 a month on the road at 30c an hour—his note is not accepted. He asks how he can pay his mortgage and taxes when his young stock is taken from him.

HOW THEY REACT

Farmers' Ballots. A substantial majority of the farmers still have faith in Roosevelt. Or they are willing to give him a while longer to make good on his promises. This was shown by the heavy vote for New Deal candidates in the November elections in most of the agricultural states. The New Deal support comes largely from the sections where those commodities are produced that have shown substantial price improvement under the AAA. Thus Michigan fruit growers who have had no benefit and have to pay higher prices are anti-New Deal, while California fruit growers who have had help from the AAA on marketing agreements are pro-New Deal. In a few districts where the farmers are mostly traditional Republicans and the AAA programs have not got back parity prices, or near parity, the majority have gone back to the Republican Party.

A Referendum. Another test of farmer New Deal support was the AAA referendum. There is an AAA production curtailment program for almost all of the staple farm crops. Over a million cotton farmers, 550,000 wheat farmers, nearly 300,000 tobacco farmers, and 1,200,000 corn-hog producers have signed the contracts. Cotton, tobacco, and corn-hog producers had a chance to vote direct on continuing the program through 1935. About 90% of the cotton and tobacco farmers voted affirmatively. So did a majority of the corn-hog signers who voted, but in some states only about half the members voted. In addition, advisory committees in close touch with over 800,000 producers of other farm commodities which had benefitted from marketing agreements indicated to the AAA authorities that these farmers wanted the programs continued.

Breaking Away. In many rural sections the vote for independent and radical candidates increased. Socialist and Communist parties won some farmer votes. In Minnesota the Farmer-Labor Party showed real strength. Its platform has concrete proposals for helping the farmer; also it is opposed to a system of wealth distribution which enriches a few and impoverishes "those who are the real producers of wealth." In Wisconsin the LaFollette Progressive Party won strong farmer support. It not only proposes concrete measures. It holds that "our economic system has failed," "we are on the threshhold of a new age." Third party tickets appeared also in Iowa, a conservative, predominantly rural state. *The test question is whether in 1936 the new third parties will support Roosevelt in a program of regulated capitalism, or whether they will take the field with proposals to get rid of the capitalistic system.*

A Farmers' Bill. The Communist Party, the left-wing United Farmers League, and the Farmers National Committee for Action are rallying farmer support to the Farmers Emergency Relief bill. This provides for the repeal of the AAA because: its acreage reduction programs have resulted in thousands of evictions of farmers from the land they have been working; the processing tax for benefit payments bears on farmer and city consumers; there is waste of fertile lands in the face of want; the AAA strengthens monopolies among processors and distributors of farm products. The bill forbids eviction of farmers and cancels all debts threatening the possession of land, home, and equipment. It provides for: long-term farm loans without interest, with repayment in kind; loans to reclaim farm property of all kinds lost since 1921; no discrimination because of race, color, religion, or political opinion, or affiliation or nationality. It calls for cash relief for all farmers needing it, as determined by farmer committees. The funds are to come from sharply graduated taxes on incomes in excess of $5,000 per year, gifts and inheritances.

Farmers' Action. In sections where conditions are the worst, as in the drouth areas and in the fluid milk shed where prices are ruinously low, disillusionment with the New Deal is marked. The United Farmers League has in many places rallied farmers for mass action to prevent foreclosures and evictions. In some states the Holiday Association and the Farmers Union have led in such direct action. A united front of these three groups has saved many farms in Minnesota and the Dakotas. (A farmer said of the relief head, "He ain't afraid of one of us, but take us together and he's scared." A poverty-stricken farmer is downcast but "his little girl . . . begins singing 'Solidarity Forever' that she picked up at a farm picnic.")

Is farm radicalism inverse to prices of farm products?

Studies by the U. S. D. A. show that the income of farmers goes up and down with the income of city consumers. *What is the relationship?*

Capitalism has become a system of organized scarcity. Secretary of Agriculture Wallace says, "But you cannot, in a capitalistic system, smash your way into a Society of Abundance by demanding that the farmer, and the farmer only, ignore the relationship between a relative scarcity and profit, and alone step out beyond the profit motive and take the rap."

If the capitalist system won't work except through scarcity, why don't the "Christian" capitalists offer to take the rap by renouncing the profit motive?

The General Conference of 1932 expressed itself as to the nature of what the present economic system is doing. *Is it both the opportunity and the duty of Methodist rural preachers to use the facts of the situation to make this clear to farmers so that they will not run after false solutions?*

Sources. Besides the reports of Committeemen, data from the U. S. D. A., and the AAA; the farmers' press—*Farmers' National Weekly, Nebraska Union Farmer, American Farm Bureau federal official News Letter, National Union Farmer, National Grange Monthly, Farm Holiday News; Collier's, the Nation, Information Service of Federal Council, New Masses, Facts and Figures* issued by American League Against War and Fascism.

Our Anti-Sedition Laws Campaign. Bills have not yet been introduced in Congress. Write your Senators and Congressmen that you don't want *any* legislation of this kind. (See January Bulletin, page 4.)

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